

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-06 EUR-12 IO-10 ISO-00 EB-07 ACDA-05 H-02

OES-03 FEA-01 CIAE-00 INR-07 L-03 NSAE-00 NSC-05

NRC-05 DODE-00 COME-00 TRSE-00 EA-07 /078 R

DRAFTED BY XMB:JWLENTZ/OES:JDEVINE

APPROVED BY EB/IFD/ODF:CKSTOCKER

XMB:DNORRIS (SUBS)

XMB:DOBEIM (SUBS)

AF/S:DCHRISTIANSEN

ACDA:RWILLIAMSON

EB/IFD/ODF:RASWART

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FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY PRETORIA

USMISSION IAEA VIENNA

AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS:EAID, EFIN, EGEN, XM

SUBJECT: PROCEDURE FOR CONGRESSIONAL REVIEW OF POSSIBLE
EXIM FINANCING ASSISTANCE FOR SOUTH AFRICAN NUCLEAR PROJECT

REF: THE HAGUE 4431

1. ON DECEMBER 2, 1974, EXIMBANK ISSUED ITS PRELIMINARY
COMMITMENT (PC) TO GENERAL EL-CTRIC COVERING A GUARANTEE
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ON FINANCING FOR 90 OF U.S. COSTS THEN ESTIMATED AT

DOLS. 227 MILLION. PC EXPIRED SEPTEMBER 15, 1975; HOWEVER, GE IS EXPECTED TO APPLY FOR EXTENSION IN NEAR FUTURE.

2. PC REQUIRES SUBMISSION FINAL GUARANTEE APPLICATION BY BUYER (ESCOM) TOGETHER WITH SUPPORTING DATA. IN THE EVENT THE U.S.-SWISS-DUTCH CONSORTIUM WON THE BID,

EXIMBANK'S RECOMMENDATION ON FINAL APPLICATION WOULD BE REFERRED TO CONGRESS WHERE REVIEW WOULD HAVE TO BE COMPLETED WITHIN 25 LEGISLATIVE DAYS. IT IS NOT POSSIBLE AT THIS JUNCTURE TO DETERMINE OUTCOME IN SUBJECT CASE ALTHOUGH WE WOULD EXPECT TO RECEIVE QUESTIONS AT THE TIME ABOUT SOUTH AFRICA'S NPT AND NON-PROLIFERATION STATUS. USG HAS ALREADY FIRMLY COMMITTED ITSELF TO FUEL THE KOEBERG 1 AND 2 REACTORS PURSUANT TO OUR AGREEMENT FOR COOPERATION.

SO FAR THAT AGREEMENT HAS NOT RUN INTO ANY SERIOUS CONGRESSIONAL CRITICISM. TO DATE, TWO EXIMBANK CREDITS FOR NUCLEAR POWER PROJECTS (SOUTH KOREA AND SPAIN) HAVE BEEN SUBMITTED TO CONGRESS. THE SPANISH CASE EVOKED CONGRESSIONAL CRITICISM BUT NO ACTION BLOCKING LOAN. THE SOUTH KOREAN CASE MUST BE RESUBMITTED TO THE CONGRESS PRIOR TO SIGNING THE LOAN AGREEMENT. SOUTH AFRICAN SIGNATURE ON NPT WOULD OF COURSE BE OF ASSISTANCE IN GAINING CONGRESSIONAL APPROVAL. KISSINGER

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: buchantr
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